

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 407 - HB 536

February 11, 2013

SUMMARY OF BILL: Requires Tennessee to join a health care compact with other states to retain regulatory authority over health care in member states. Member states are required to seek the consent of Congress to this compact. Consent would authorize states to enact laws that supersede all federal laws regarding health care within member states. Permits member states to receive federal funding for health care, unconditioned on any action or policy by the member states. The funding would be based on the actual federal spending on health care in the member state during federal fiscal year 2010, adjusted for population changes in the state and inflation. Creates an Interstate Advisory Health Care Commission (Commission) empowered to study health care regulatory issues and to make nonbinding recommendations to the legislatures of the member states. The Commission is prohibited from taking any actions within a member state that contravene any laws of that state. The member states are required to fund the Commission as agreed to by the member states.

Prohibits: any state or federal funds from being expended to participate in the Commission; any federal funds from being expended pursuant to the enacted part; federal administration and regulation of health care in Tennessee from ceasing; and any liability for administrative and operational costs of the compact or Commission from accruing from the effective date of this act until the following conditions are satisfied: Congress consents to state regulatory autonomy over health care; the General Assembly enacts by law a sufficient administrative framework to provide effective and efficient state administration and regulation over health care; and a specific appropriation for participation in the Commission, including but not limited to any administrative or operational costs of the compact or the Commission, and recognition of any federal funding is included in the annual appropriations act for any fiscal year beginning on July 1 subsequent to the above conditions being satisfied.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The effective date of the compact is the latter of the date it is adopted by the member state or the date the compact receives the consent of Congress after at least two states have adopted the compact.
- The bill requires federal and state law regarding health care to remain in effect unless a member state expressly invokes its authority under the compact. Member states would

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receive federal funds at a level adequate to cover the current federal expenditures on health care in each state, adjusted for population growth and inflation.

- No state or federal funds will be expended as a result of this bill until the conditions of this bill are met, including a subsequent legislative action by the General Assembly to enact, by law, a sufficient administrative framework to provide effective and efficient state administration and regulation over health care; a specific appropriation for participation in the Commission, including but not limited to any administrative or operational costs of the compact or the Commission; and recognition of any federal funding is included in the annual appropriations act for any fiscal year beginning on July 1 subsequent to the conditions of this bill being satisfied.
- Any fiscal impact associated with the compact or the Commission will begin after the passage of subsequent legislation and will be attributable to such legislation.
- Any member state may withdraw from the health care compact by adopting a law to that effect, provided that six months have passed after the Governor of the withdrawing member state has given notice of the withdrawal to the other member states.
- A withdrawing member state will be held liable for any obligations incurred prior to the effective date of the withdrawal.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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